

January 15, 2010

The Honorable Nancy Pelosi  
Speaker  
United States House of Representatives  
H-232, The Capitol  
Washington, D.C. 20515-6501

The Honorable John Boehner  
Minority Leader  
U.S. House of Representatives  
H-232, The Capitol  
Washington, D.C. 20515-6501

The Honorable Harry Reid  
Majority Leader  
United States Senate  
S-221, The Capitol  
Washington, D.C. 20510-7020

The Honorable Mitch McConnell  
Minority Leader  
United States Senate  
S-230, The Capitol  
Washington, D.C. 20510-7010

Dear Speaker Pelosi, Leader Reid, Congressman Boehner and Senator McConnell:

We write to ask you for your assistance in extending the enhanced federal match for Medicaid (FMAP) and the State Fiscal Stabilization Fund (SFSF) enacted as part of the American Recovery and Reinvestment Act (ARRA).

We greatly appreciated the inclusion of FMAP and SFSF in the Recovery Act. These provisions were critical for helping states avoid cuts to core services that would have otherwise been necessary to balance state budgets. In addition, these funds have enabled states and local governments to retain 250,000 education jobs thus far and preserved critical healthcare services for vulnerable populations.

Unfortunately, the length and depth of the recession means that states will continue to face significant budget shortfalls long after the FMAP and SFSF funds run out at the end of this year. As you know, state budgets typically lag the national economy, which means that states will continue to see budget pressure for the foreseeable future. Economists forecast that lingering unemployment and slow economic growth will result in state revenues remaining below 2008 levels through FY 2012, and require states to close budget gaps of more than \$150 billion over the next two years. While some states are struggling more than others, economists continue to forewarn that, absent federal fiscal assistance, virtually all states will have to take additional steps to eliminate deficits for FY 2011. These steps, while necessary, could take nearly a full percentage point off the Gross Domestic Product and cost the economy some 900,000 jobs next year.

Time is of the essence. Many of us are in the process of finalizing FY 2011 budgets - and working to close out remaining FY 2010 items - that our legislatures will consider in the coming months. Timely passage of an extension of ARRA's enhanced FMAP and SFSF provisions would greatly assist us in maintaining services and avoiding tax increases that could slow the nation's recovery.

We appreciate your efforts to restore our economy and put people back to work. We too are committed to encouraging job creation and speeding recovery and urge you to work with us by extending FMAP and SFSF into 2011.

Sincerely,



Governor Mike Beebe  
Arkansas



Governor Jack Markell  
Delaware



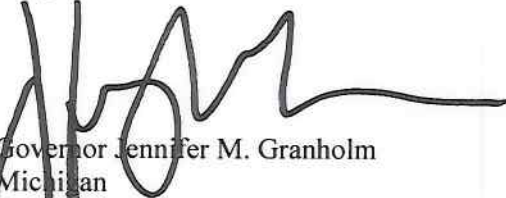
Governor Chester J. Culver  
Iowa



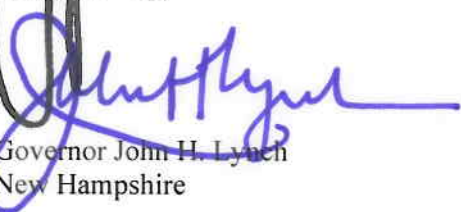
Governor Steven L. Beshear  
Kentucky



Governor Martin O'Malley  
Maryland



Governor Jennifer M. Granholm  
Michigan



Governor John H. Lynch  
New Hampshire



Governor Bill Ritter Jr.  
Colorado



Governor Pat Quinn  
Illinois



Governor Mark Parkinson  
Kansas



Governor John E. Baldacci  
Maine



Governor Deval Patrick  
Massachusetts



Governor Jay Nixon  
Missouri



Governor Bill Richardson  
New Mexico

*David A. Paterson*

Governor David A. Paterson  
New York

*Bev Perdue*

Governor Bev Perdue  
North Carolina

*Ted Strickland*

Governor Ted Strickland  
Ohio

*Brad Henry*

Governor Brad Henry  
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*Theodore R. Kulongoski*

Governor Theodore R. Kulongoski  
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*John P. deJongh, Jr.*

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Virgin Islands

*Christine O. Gregoire*

Governor Christine O. Gregoire  
Washington

*Jim Doyle*

Governor Jim Doyle  
Wisconsin